

SALE 1

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| Sale No.: | 1 |
| Location: | 44 Willoughby Street |
| Legal Identification: | Block 151 Lot 22 |
| Site Area (SF): | 1,725 |
| Maximum As of Right Buildable Area: | 20,700 |
| Property Description: | This is the sale of a 1,725 square foot square shaped parcel located on the corner of Willoughby Street and Jay Street in the Special Downtown Brooklyn District. The site is improved with a 6,900 square foot retail building. We add \$10 psf in demolition costs to the purchase price. |
| Sale Date: | November 30, 2017 |
| Grantor: | Bayridge Funding Inc. |
| Grantee: | 44 Willoughby LLC |
| Sale Price: | \$11,069,000 |
| Price PSF FAR: | \$535 |
| As of Right FAR | 12.00 |
| Zoning: | C6-4.5 |
| Document Number: | 2017000450946 |
| Terms: | Cash to seller |

SALE 2

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|--|--|
| Sale No.: | 2 |
| Location: | 484 Sterling Place |
| Legal Identification: | Block 1174 Lot 18 |
| Site Area (SF): | 9,825 |
| Maximum As of Right Buildable Area: | 29,475 |
| Property Description: | This is the sale of a 9,825 square foot rectangular parcel located mid-block between Washington and Classon Avenue in the Prospect Heights neighborhood. The site is improved with two parking facility buildings totaling 9,825 square feet. We add \$10 psf in demolition costs to the purchase price. The purchaser also owns adjacent parcels on the same block, lots 17 and 60 , acquired in separate transactions. |
| Sale Date: | October 10, 2017 |
| Year Built: | |
| Grantor: | 484 Sterling PL LLC |
| Grantee: | 484-490 Sterling PL NY Corp. |
| Sale Price: | \$15,098,250 |
| Price PSF FAR: | \$512 |
| As of Right FAR | 3.00 |
| Zoning: | R6A |
| Document Number: | 2017000380300 |
| Terms: | Cash to seller |

SALE 3

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|--|--|
| Sale No.: | 3 |
| Location: | 197 Waverly Avenue |
| Legal Identification: | Block 1903 Lot 1 |
| Site Area (SF): | 3,563 |
| Maximum As of Right Buildable Area: | 7,126 |
| Property Description: | This is the sale of a 3,563 square foot rectangular parcel located mid-block in Clinton Hill. The is is improved with a 3,000 square foot industrial building. We add \$10 psf in demolition costs to the purchase price. Plans were filed and approved in 2017 for a five story multi-family residential building totaling 10,325.48 SF (7,093.41 SF of ZFA). |
| Sale Date: | June 8, 2017 |
| Grantor: | Adami Family Limited Partnership |
| Grantee: | 197 Waverly Avenue LLC |
| Sale Price: | \$3,230,000 |
| Price PSF FAR: | \$453 |
| As of Right FAR | 2.00 |
| Zoning: | R6B |
| Document Number: | 2017000250341 |
| Terms: | Cash to seller |

SALE 4

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|--|--|
| Sale No.: | 4 |
| Location: | 526 Union Ave |
| Legal Identification: | Block 2741 Lot 3 |
| Site Area (SF): | 10,000 |
| Maximum As of Right Buildable Area: | 36,000 |
| Property Description: | This is the sale of a mid block, vacant development site in Williamsburg. The 10,000 SF parcel was sold on December 4, 2017 for \$11,332,750. The site sold previously in late 2014 for \$9.6M. Plans for a 6-story, 32,673 SF (26,389 SF of ZFA) were filed but never approved in 2015. The proposed building contained 37 units. |
| Sale Date: | December 4, 2017 |
| Grantor: | Alliance Private Capital Group LLC |
| Grantee: | Forest Park Properties Inc |
| Sale Price: | \$11,332,750 |
| Price PSF FAR: | \$315 |
| As of Right FAR | 3.60 |
| Zoning: | M1-2/R6A |
| Document Number: | 2017000456981 |
| Terms: | Cash to seller |

SALE 5

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|--|--|
| Sale No.: | 5 |
| Location: | 352 Clermont Avenue |
| Legal Identification: | Block 2121 Lot 28 |
| Site Area (SF): | 10,000 |
| Maximum As of Right Buildable Area: | 20,000 |
| Property Description: | This is the sale of a mid-block square shaped parcel toaling 10,000 square feet between Lafayette and Greene Avenue in Fort Greene. The subject was improved with a 500 square foot parking structure. We add \$10 psf in demolition costs to the purchase price. The subject is located in the Fort Greene Historic District and has a lankmark designation. Plans were filed in 2018 but were disapproved. |
| Sale Date: | March 9, 2017 |
| Year Built: | |
| Grantor: | Rocklyn Ecclesiastical Corp. |
| Grantee: | NY Fort Greene LLC |
| Sale Price: | \$7,405,000 |
| Price PSF FAR: | \$370 |
| As of Right FAR | 2.00 |
| Zoning: | R6B |
| Document Number: | 2017000104731 |
| Terms: | Cash to seller |

Adjustments to the comparable sales have been considered based on comparison to the subject for property rights, financing terms, conditions of sale, market conditions (time), location, size, zoning and utility.

Property Rights Appraised

The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. The subject and all of the sales have fee simple ownership interests. No adjustments are warranted.

Financing

The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of market value for this report. All of the sales were cash transactions or financed at market rates. No adjustments are necessary for favorable financing.

Conditions of Sale

Conditions of sale refer to the motivations of the buyer and seller involved in a particular transaction. All sales appear to be arm's length transactions. Sale 2 is part of an assemblage and warrants a downward adjustment as the purchaser may have paid more for the site to increase the assemblage.

Market Conditions (Time)

The sales transacted since March 2017. According to the Cushman & Wakefield market report for 1Q2018, land values have remained stable in 2017 and 2018. No adjustments are warranted.



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|-----------------|---|
| Location | The subject property is situated on a side street in Prospect Heights. This is a desirable location within close proximity to Barclays Center, Grand Army Plaza, and Prospect Park. Sale 1 is located in Downtown Brooklyn and warrants a small downward adjustment. Sale 4 is located one block from the Brooklyn Queens Expressway, a congested elevated highway. This sale warrants an upward adjustment. The remaining sales are similarly located and are not adjusted. |
| Size | This adjustment accounts for the difference in size between each of the comparables and the subject property. The sales range in size from 7,126 to 36,000 square feet of buildable area. The subject site has an as of right buildable area of 14,000± square feet. Although smaller parcels sometimes sell at a premium due to a larger pool of potential developers, larger parcels in densely populated areas are difficult to come by and can also sell at a premium. The subject and the sales all allow for small residential buildings. No adjustments are warranted. |
| Zoning | We are valuing the property based on price per square foot of as of right buildable area, which is the most consistent unit of comparison displayed within the market. The subject and all of the sales are zoned for residential development. No adjustments are warranted. |
| Utility | This adjustment accounts for the shape, frontage, and layout of a particular site. The subject is a mid-block site. Sale 1 is a corner parcel and is adjusted downward. The remaining sales are mid block parcels and are not adjusted. Sale 5 is in a landmark district. As renovations must be approved by the landmarks preservation commission, this sale warrants an upward adjustment. |

LAND SALES ADJUSTMENT GRID

| Sale No. | 1 | 2 | 3 | 4 | 5 |
|-------------------------------------|----------------------|--------------------|--------------------|---------------|---------------------|
| Address: | 44 Willoughby Street | 484 Sterling Place | 197 Waverly Avenue | 526 Union Ave | 352 Clermont Avenue |
| Sale Date: | Nov-17 | Oct-17 | Jun-17 | Dec-17 | Mar-17 |
| Zoning: | | | | | |
| Buildable Area (SF) | 20,700 | 29,475 | 7,126 | 36,000 | 20,000 |
| Sale Price: | \$11,069,000 | \$15,098,250 | \$3,230,000 | \$11,332,750 | \$7,405,000 |
| Sale Price Per Square Foot: | \$535 | \$512 | \$453 | \$315 | \$370 |
| Property Rights Appraised: | 0% | 0% | 0% | 0% | 0% |
| Financing Terms: | 0% | 0% | 0% | 0% | 0% |
| Conditions of Sale: | 0% | -3% | 0% | 0% | 0% |
| Market Conditions (Time): | 0% | 0% | 0% | 0% | 0% |
| Trended Unit of Comparison: | \$535 | \$497 | \$453 | \$315 | \$370 |
| Location: | -3% | 0% | 0% | 10% | 0% |
| Size: | 0% | 0% | 0% | 0% | 0% |
| Zoning: | 0% | 0% | 0% | 0% | 0% |
| Utility: | -3% | 0% | 0% | 0% | 10% |
| Total Adjustment: | -6% | 0% | 0% | 10% | 10% |
| Adjusted Unit of Comparison: | \$503 | \$497 | \$453 | \$346 | \$407 |
| Unadjusted | | | Adjusted | | |
| LOW \$315 | | | LOW \$346 | | |
| HIGH \$535 | | | HIGH \$503 | | |
| AVERAGE \$437 | | | AVERAGE \$441 | | |
| MEDIAN \$453 | | | MEDIAN \$453 | | |

All adjustments are percentages. A positive adjustment indicates an inferior characteristic to the subject. A negative adjustment indicates a superior characteristic to the subject.

The sale prices, prior to adjustments, range from \$315 to \$535 per square foot of as of right FAR. After adjustments, the comparable sales exhibit a range from \$346 to \$503 per square foot of FAR, with an average of \$441 and a median of \$453 per square foot.

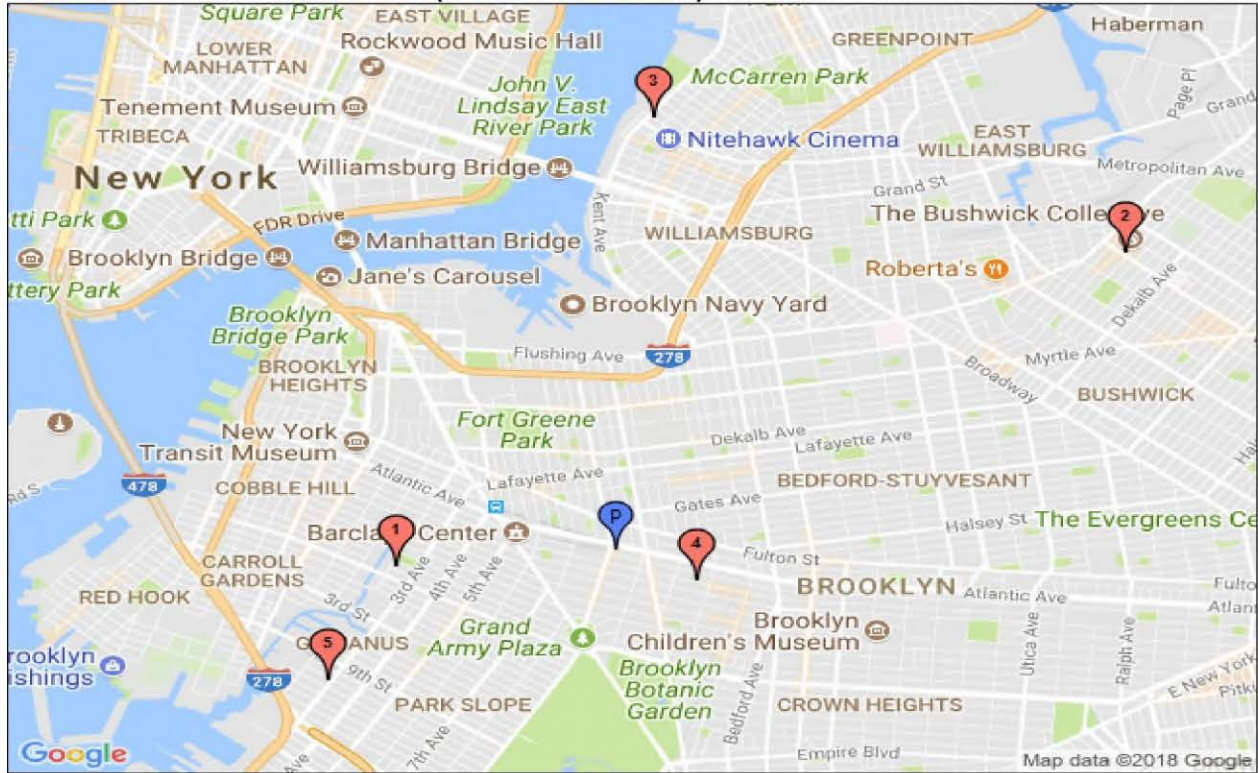
The subject is most similar to sales 2, 3 and 5 based on location. Sale 5 is within a landmarked district which makes new construction costly and time consuming. Thus we emphasize sales 2 and 3 which did not require any adjustments. These sales traded for \$497 and \$453 per square foot. Thus with emphasis on sales 2 and 3 we have concluded to a value of \$475 per square foot of buildable area.

The following calculation determines the "as is" value conclusion for the subject's site:

| | | |
|---------------------------------|---|-------------|
| Concluded Value Per Square Foot | | \$475 |
| Buildable Area | x | 14,000 |
| Land Value Indication | | \$6,650,000 |
| Rounded | | \$6,700,000 |

**AS IS VALUE VIA THE SALES COMPARISON APPROACH: RESIDENTIAL ZONED SITE
\$6,700,000**

COMPARABLE LAND SALES MAP (COMMERCIAL ZONE)

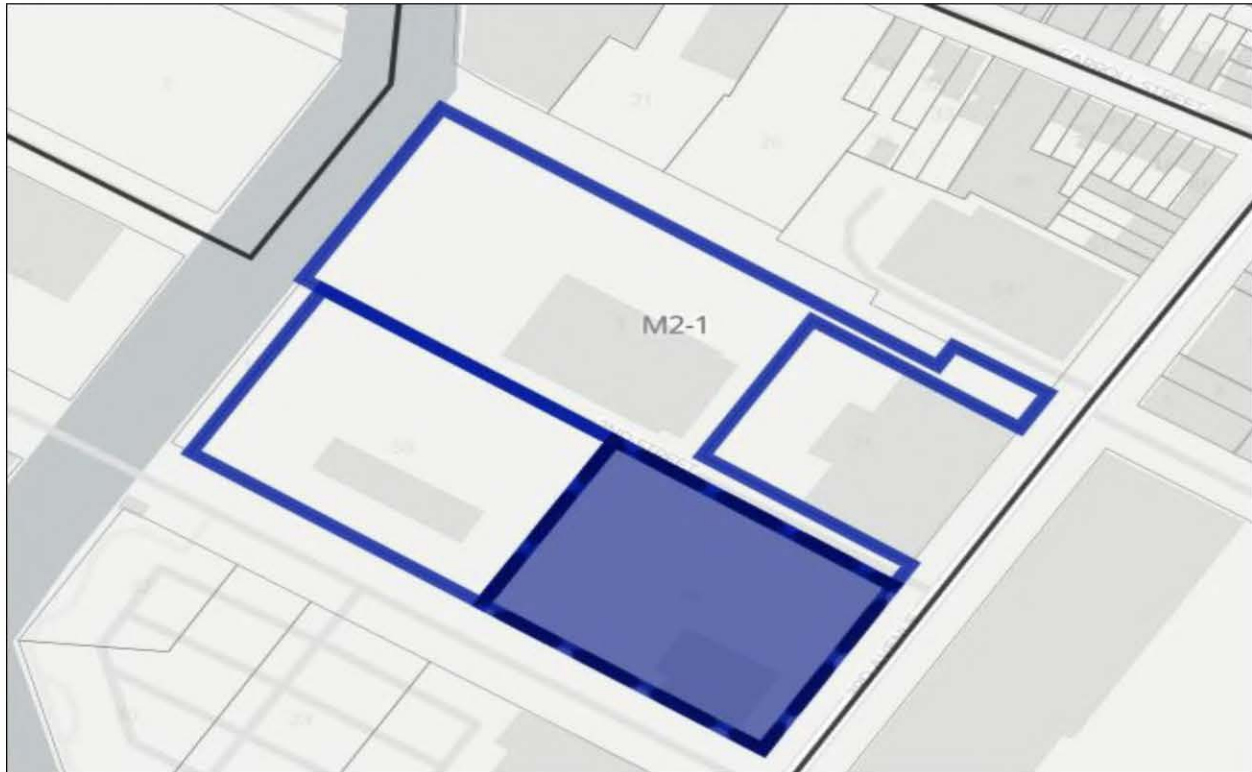


SALE 1

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|--|---|
| Sale No.: | 1 |
| Location: | 537-545 Sackett Street |
| Legal Identification: | Block 426 Lot 1 |
| Site Area (SF): | 40,000 |
| Maximum As of Right Buildable Area: | 80,000 |
| Property Description: | Blockfront parcel located in Gowanus. The site is improved with a 42,000 SF vacant industrial building. We add \$10 psf demolition costs to the \$26.5M purchase price. |
| Sale Date: | December 15, 2017 |
| Grantor: | ATS Realty Inc. |
| Grantee: | Aris Realty Corp. |
| Sale Price: | \$26,920,000 |
| Price PSF FAR: | \$337 |
| As of Right FAR | 2.00 |
| Zoning: | M1-2 |
| Document Number: | 2018000156876 |
| Terms: | Cash to seller |

SALE 2

| | |
|--|--|
| Sale No.: | 2 |
| Location: | 33-35 Wyckoff Avenue |
| Legal Identification: | Block 3189 Lot 1-3 & 137 |
| Site Area (SF): | 9,736 |
| Maximum As of Right Buildable Area: | 9,736 |
| Property Description: | This is the sale of a corner development site in Bushwick that was vacant at the time of sale. |
| Sale Date: | May 4, 2017 |
| Grantor: | 35 Wyckoff LLC |
| Grantee: | 33 Wyckoff LLC & 33 Wyckoff LLC |
| Sale Price: | \$5,650,000 |
| Price PSF FAR: | \$580 |
| As of Right FAR | 1.00 |
| Zoning: | M1-1 |
| Document Number: | 2017000186509 |
| Terms: | Cash to seller |

SALE 3

| | |
|--|---|
| Sale No.: | 3 |
| Location: | 175-225 3rd Street |
| Legal Identification: | Block 972 Lot 1, 43, & 58 |
| Site Area (SF): | 139,865 |
| Maximum As of Right Buildable Area: | 279,730 |
| Property Description: | This the sale of a full-block development site in Gowanus that has 13,420 square feet of improvements at the time of sale, we add \$10 psf in demolition costs to the \$115,000,000 purchase price. The new owners are planning to develop the property after the rezoning of the area. |
| Sale Date: | April 18, 2018 |
| Grantor: | 175-225 Third owner LLC |
| Grantee: | Gowanus Owner LLC |
| Sale Price: | \$115,134,200 |
| Price PSF FAR: | \$412 |
| As of Right FAR | 2.00 |
| Zoning: | M2-1 |
| Document Number: | 2018000137100 |
| Terms: | Cash to seller |

SALE 4

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|--|--|
| Sale No.: | 4 |
| Location: | 901 Dean Street |
| Legal Identification: | Block 1133 Lot 67 |
| Site Area (SF): | 8,326 |
| Maximum As of Right Buildable Area: | 8,326 |
| Property Description: | This is the sale of a mid-block development site in Crown Heights that was vacant at the time of sale. |
| Sale Date: | May 31, 2016 |
| Grantor: | Yuen Tuen Realty, LLC |
| Grantee: | 901 Dean LLC |
| Sale Price: | \$5,000,000 |
| Price PSF FAR: | \$601 |
| As of Right FAR | 1.00 |
| Zoning: | M1-1 |
| Document Number: | 2016000223775 |
| Terms: | Cash to seller |

SALE 5

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|--|--|
| Sale No.: | 5 |
| Location: | 506 3rd Avenue |
| Legal Identification: | Block 1020 Lot 36 |
| Site Area (SF): | 4,800 |
| Maximum As of Right Buildable Area: | 9,600 |
| Property Description: | This is the sale of a mid-block development site in Gowanus that has 4,800 square feet of improvements at the time of sale. We add \$10 psf in demolition costs to the \$3,200,000 purchase price. |
| Sale Date: | December 21, 2016 |
| Grantor: | Roberta Lynn Scarlino Living Trust |
| Grantee: | Paul Basile |
| Sale Price: | \$3,248,000 |
| Price PSF FAR: | \$338 |
| As of Right FAR | 2.00 |
| Zoning: | M2-1 |
| Document Number: | 2016000463197 |
| Terms: | Cash to seller |

Adjustments to the comparable sales have been considered based on comparison to the subject for property rights, financing terms, conditions of sale, market conditions (time), location, size, zoning and utility.

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|----------------------------------|--|
| Property Rights Appraised | The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. The subject and all of the sales have fee simple ownership interests. No adjustments are warranted. |
| Financing | The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of market value for this report. All of the sales were cash transactions or financed at market rates. No adjustments are necessary for favorable financing. |
| Conditions of Sale | Conditions of sale refer to the motivations of the buyer and seller involved in a particular transaction. All sales appear to be arm's length transactions. |
| Market Conditions (Time) | The sales transacted since mid-2016. According to the Cushman & Wakefield market report for 1Q2018, land values have remained stable in this time frame. We apply an upward adjustment to sale 5 which traded in December 2016 because the rezoning in Gowanus has progressed since that time frame. No other adjustments are warranted. |
| Location | The subject property is situated on a major commercial corridor in Prospect Heights. It has frontage on 2 retail corridors, Atlantic Avenue and Vanderbilt Avenue. Sales 1, 3 and 5 are located in Gowanus. Sale 3 is across from Whole Foods, which is an equally desirable location. This sale is not adjusted. Sales 1 and 5 experience inferior traffic and warrant an upward adjustment commensurate with the block. Sale 2 is Bushwick, on a desirable retail and residential block. No adjustment is warranted. Sale 4 is 2 blocks east of the subject. However this sale has frontage on Pacific Street which is an inferior retail location. This sale warrants an upward adjustment. |

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|----------------|---|
| Size | <p>This adjustment accounts for the difference in size between each of the comparables and the subject property. Sales 2, 4 and 5 measure just under 10,000 SF. These sales warrant small downward adjustments. Sales 1 and 3 are considerably larger than the subject – 80,000 SF and 279,730 SF, respectively. Although smaller parcels sometimes sell at a premium due to a larger pool of potential developers, larger parcels in densely populated areas are difficult to come by and can also sell at a premium. Based on the foregoing, we apply an upward adjustment to sales 1 and 3 to account for their larger size.</p> |
| Zoning | <p>We are valuing the property based on price per square foot of as of right buildable area, which is the most consistent unit of comparison displayed within the market. The subject and all sales are situated within a manufacturing zoning district which allows for a variety of manufacturing and light industrial uses, as well as a full range of commercial and some community facility uses. Residential uses are not allowable as of right. The subject and sales 2 and 4 have a FAR of 1.0. The remaining sales have a higher FAR. The subject is likely to be upzoned/rezoned. Sale 4 is in the same rezoning area. Sales 1, 3 and 5 are in Gowanus which will also be rezoned. These sales are not adjusted. Sale 2 is in Bushwick which is not pending a rezoning. This sale is adjusted upward.</p> |
| Utility | <p>This adjustment accounts for the shape, frontage, and layout of a particular site. The subject is a block front site with frontage on 3 streets. Sales 4 and 5 are mid block and warrant upward adjustments.</p> |

LAND SALES ADJUSTMENT GRID

| Sale No. | 1 | 2 | 3 | 4 | 5 |
|-------------------------------------|------------------------|----------------------|--------------------|-----------------|----------------|
| Address: | 537-545 Sackett Street | 33-35 Wyckoff Avenue | 175-225 3rd Street | 901 Dean Street | 506 3rd Avenue |
| Sale Date: | Dec-17 | May-17 | Apr-18 | May-16 | Dec-16 |
| Zoning: | | | | | |
| Buildable Area (SF) | 80,000 | 9,736 | 279,730 | 8,326 | 9,600 |
| Sale Price: | \$26,920,000 | \$5,650,000 | \$115,134,200 | \$5,000,000 | \$3,248,000 |
| Sale Price Per Square Foot: | \$337 | \$580 | \$412 | \$601 | \$338 |
| Property Rights Appraised: | 0% | 0% | 0% | 0% | 0% |
| Financing Terms: | 0% | 0% | 0% | 0% | 0% |
| Conditions of Sale: | 0% | 0% | 0% | 0% | 0% |
| Market Conditions (Time): | 0% | 0% | 0% | 0% | 10% |
| Trended Unit of Comparison: | \$337 | \$580 | \$412 | \$601 | \$372 |
| Location: | 20% | 0% | 0% | 10% | 10% |
| Size: | 5% | -3% | 10% | -3% | -3% |
| Zoning: | 0% | 5% | 0% | 0% | 0% |
| Utility: | 0% | 0% | 0% | 10% | 10% |
| Total Adjustment: | 25% | 2% | 10% | 17% | 17% |
| Adjusted Unit of Comparison: | \$421 | \$592 | \$453 | \$703 | \$435 |
| Unadjusted | | | Adjusted | | |
| LOW \$337 | | | LOW \$421 | | |
| HIGH \$601 | | | HIGH \$703 | | |
| AVERAGE \$473 | | | AVERAGE \$529 | | |
| MEDIAN \$490 | | | MEDIAN \$511 | | |

All adjustments are percentages. A positive adjustment indicates an inferior characteristic to the subject. A negative adjustment indicates a superior characteristic to the subject.

The sale prices, prior to adjustments, range from \$337 to \$601 per square foot of as of right FAR. After adjustments, the comparable sales exhibit a range from \$421 to \$703 per square foot of FAR, with an average of \$529 and a median of \$511 per square foot.

The subject is most similar to sales 2 and 4 based on zoning (M1-1). Sale 4 is located 2 blocks from the subject and is within the same rezoning area. However this sale is not located on a major commercial corridor. Sales 2 and 4 traded for \$592 and \$703 per square foot, respectively. The remaining sales are located in Gowanus and range from \$421 to \$453 per square foot based on a FAR of 2.0. We are valuing the subject based on the as of right FAR of 1.0. It is likely the subject will be rezoned to allow for additional FAR or additional uses. We place emphasis on sale 4 which is the most similar to the subject based on zoning and location. Thus we conclude above the average of all 5 sales. We conclude to a value of \$550 per square foot.

We deduct demolition costs of \$10 per square foot of existing building area which totals \$37,600. The following calculation determines the "as is" value conclusion for the subject's site:

SALES COMPARISON APPROACH

| | | |
|--------------------------------------|---|--------------|
| Concluded Value Per Square Foot | | \$550 |
| Buildable Area | x | 22,000 |
| Value Indication As if Vacant | | \$12,100,000 |
| Less Demolition @ \$10 psf Bldg Area | - | \$37,600 |
| Land Value Indication | | \$12,062,400 |
| Rounded | | \$12,100,000 |

AS IS VALUE VIA THE SALES COMPARISON APPROACH: M-ZONED SITE
\$12,100,000

To determine the total value of the site we add the value of the manufacturing site and the residential site.

| | |
|--------------------|---------------------|
| Residential Land | \$6,700,000 |
| Manufacturing Land | <u>\$12,100,000</u> |
| Total Land Value | \$18,800,000 |

AS IS VALUE VIA THE SALES COMPARISON APPROACH: TOTAL SITE
\$18,800,000

LAND RESIDUAL ANALYSIS

The Land Residual Analysis (alternatively the Development Method) within the Income Capitalization Approach is the approach most often used by developers in considering the purchase and/or development of a specific site. It is especially relevant when the highest and best use of a parcel is as a development site.

It is a methodology whereby all direct and indirect costs and entrepreneurial incentive are deducted from the estimated value of the property as improved (proposed development). The remaining value is then discounted to present value at a market-derived rate over the development and absorption period to indicate the residual value of the raw land.

Our land residual analysis considers that the subject is improved with 2 developments – a commercial development on the M-zoned site and a residential rental building on the R-zoned site.

Our Land Residual analysis capitalize the estimated net operating income (“NOI”) of the proposed developed properties into value estimates via application of overall capitalization rates (“OARs”). This represents the value of the subject property as improved (pursuant to the development scenarios) upon stabilization, after the completion of the development and absorption periods. The Land Residual analysis incorporate various components, estimates and steps, including the following:

Development Potential: Project proposed building sizes and layouts – we assume the M-zoned land is improved with a building that occupies 75% of the site. Based on a site area of 22,000 SF, the net rentable retail space is 16,500 SF. The residential site has a buildable area of 14,000 SF. We assume a 15% loss factor which results in a net rentable area of 11,900 SF.

Income: We project a retail rent of \$100.00 per square foot with no additional rent for the parking area. We assume a 5% vacancy and credit loss. The EGI is \$1,567,500.

| | | | | |
|--------|---------------------------------|-----------------|------------------|-------------|
| RETAIL | Gross Retail SF | 22,000 | | |
| | Leasable Retail SF @75% of site | 16,500 | | |
| | Retail Rent \$PSF | <u>\$100.00</u> | | |
| | Gross Retail Rent | | \$1,650,000 | |
| | Less Vacancy @ | 5% | <u>-\$82,500</u> | |
| | Effective Retail Rent | | | \$1,567,500 |

We assume a residential rent of \$55 per square foot and a 3% vacancy and credit loss. The residential EGI is \$634,865.

| | | | | |
|-------------|--|-------------|------------------|-----------|
| RESIDENTIAL | Gross Residential SF | 14,000 | | |
| | Residential SF (net based on 15% loss) | 11,900 | | |
| | Residential Rent \$PSF | <u>\$55</u> | | |
| | Gross Residential Rent | | \$654,500 | |
| | Less Vacancy @ | 3.0% | <u>-\$19,635</u> | |
| | Effective Residential Rent | | | \$634,865 |

Expenses: Based on market parameters we apply taxes of \$7 per square foot to the retail space and \$10.00 per square foot to the residential space. We apply additional expenses of 2% of EGI for the retail space and 18% of EGI to the residential space. This results in total operating expenses of \$8.90 per square foot for the retail space (9% operating expense ratio), and \$16.66 for the residential space (37% operating expense ratio)

Capitalization Rate: We apply a retail cap rate of 5.50% to the retail space and 4.50% to the residential space. The value as stabilized is \$25,830,000 for the retail space and \$8,924,207 for the residential space for a total of \$34,754,207.

Construction Costs: We deduct hard and soft costs of \$250 per square foot to the retail space (net space, exclusive of parking area) and \$450 per square foot to the residential space (gross building area) Total construction costs are \$4,125,000 for the retail space and \$6,300,000 for the residential space for a total of \$10,425,000.

Profit: We deduct profit equal to 15% of the total construction costs, which is \$1,563,750. Construction costs and profit total \$11,988,750. Deducting the construction costs and profit from the as stabilized value is \$22,765,457 which is the as completed value.

Finally, we assume it will take 2.5 years to develop plans and construct the buildings. Thus we discount the as completed value at 7.5% for 2.5 years. The as is value is \$19,000,000.

The residual model is on the following page.

RESIDUAL ANALYSIS

| Land Residual Analysis | | | |
|------------------------|---|-----------------|---------------------|
| RETAIL | Gross Retail SF | 22,000 | |
| | Leasable Retail SF @75% of site | 16,500 | |
| | Retail Rent \$PSF | <u>\$100.00</u> | |
| | Gross Retail Rent | | \$1,650,000 |
| | Less Vacancy @ | 5% | <u>-\$82,500</u> |
| | Effective Retail Rent | | \$1,567,500 |
| | Retail Expenses @ | 2% EGI | -\$31,350 |
| | Retail Taxes (Base Year) @ | \$7 psf | -\$115,500 |
| | Retail Opex PSF | \$8.90 | 9% |
| | Retail NOI | | \$1,420,650 |
| | Retail Value Capitalized @ | 5.50% | \$25,830,000 |
| | Price PSF | | \$1,565 |
| | | | |
| RESIDENTIAL | Gross Residential SF | 14,000 | |
| | Residential SF (net based on 15% loss) | 11,900 | |
| | Residential Rent \$PSF | <u>\$55</u> | |
| | Gross Residential Rent | | \$654,500 |
| | Less Vacancy @ | 3.0% | <u>-\$19,635</u> |
| | Effective Residential Rent | | \$634,865 |
| | Residential Expenses @ | 18% EGI | -\$114,276 |
| | Residential Taxes (Base Year) @ | \$10.00 psf | -\$119,000 |
| | Residential Opex Ratio | 37% | |
| | Residential Opex PSF | \$16.66 | |
| | Residential Opex Per Unit | | |
| | Residential NOI | | \$401,589 |
| | Residential Value Capitalized @ | 4.50% | \$8,924,207 |
| | Price PSF | | \$750 |
| | Price Per Unit | | |
| | Total Stabilized Value | | \$34,754,207 |
| | | | |
| | Less Retail Construction Costs | \$250 | \$4,125,000 |
| | Less Residential Construction Costs | \$450 | \$6,300,000 |
| | Less Entrepreneurial Profit @ % total Hard and Soft Costs | 15.0% | \$1,563,750 |
| | Construction Cost and Profit | | \$11,988,750 |
| | Residual Value (Future Value) | | \$22,765,457 |
| | Discounted for 2.5 years @ | 7.5% | \$19,000,070 |
| | Rounded | | \$19,000,000 |
| | \$PSF of FAR | 36,000 | \$528 |

RECONCILIATION AND FINAL VALUE OPINION

In advancing an opinion of the value of the subject property, we considered the three primary approaches to real estate valuation: the Income Approach; the Sales Comparison Approach; and, the Cost Approach. Our opinions of value are:

| Approach | Value | Date | Conclusion |
|----------------------------|---------|---------------|--------------|
| Land Sales Comparison | "As Is" | June 26, 2018 | \$18,800,000 |
| Income Approach - Residual | "As Is" | June 26, 2018 | \$19,000,000 |
| Cost Approach | | | Not Applied |

VALUE As Is

The Sales Comparison Method is used to develop a strong indication of value, especially when transactions of competitive properties have been plentiful. In determining the as is value of the subject as a development site, we uncovered sufficient transactions to advance a set of sales to which quantitative adjustments can be applied, leading to a credible result. Therefore we conclude to land value of \$18,800,000 which is supported by the land sales. Our value is well supported by the residual analysis.

FINAL VALUE CONCLUSIONS

Our value opinions subject to the Extraordinary Assumptions and Hypothetical Conditions detailed in the Introduction of this report are as follows:

| Weighted Approach | Value | Date | Conclusion |
|-------------------|---------|---------------|--------------|
| Sales Comparison | "As Is" | June 26, 2018 | \$18,800,000 |

ADDENDA

ADDENDA

LETTER OF ENGAGEMENT

CONTINGENT AND LIMITING CONDITIONS

CERTIFICATION

QUALIFICATIONS

LICENSES

LETTER OF ENGAGEMENT

BBG

May 30, 2018

Mr. Sam Rottenberg
SPR Group
390 Berry Street, Suite 201
Brooklyn, NY 11249
Sam.rottenberg@gmail.com
347-308-5780

RE: 840 Atlantic Avenue
Block 1122, Lots 1, 68 & 71
Brooklyn, New York

Dear Mr. Rottenberg:

We are pleased to submit this proposal and our terms and conditions for the appraisal of the referenced real estate.

PROPOSAL SPECIFICATIONS

| | |
|-----------------------------------|---|
| Purpose/Valuation Premise: | Form opinion of the as is market value. |
| Property Rights Appraised: | Fee simple interest |
| Intended Use: | Asset valuation |
| Intended User: | Vanderbilt Atlantic Holdings LLC and its related entities, successors, and/or assigns |
| Scope of Work/Report Type: | We will provide the value of the land based on comparable land sales and a residual analysis if necessary, in addition to an analysis of the projected ground rent for McDonald's. The appraisal will include any approach to value that is applicable and necessary to the assignment. |
| Appraisal Standards: | Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. |
| Fee: | \$7,500 |

NEW YORK
+ CORPORATE OFFICE
P + 212.692.0400
F + 212.682.2233
112 MADISON AVENUE + FLOOR 11
NEW YORK, NY 10016
BBGRES.COM

Mr. Sam Rottenberg
Page 2
May 30, 2018

Payment Terms:

A retainer in the amount of one-half of our fee is due and payable upon acceptance of the terms of this letter. The balance is due upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.

Report Copies:

PDF delivery of draft and/or final reports

Delivery Date:

Delivery of the appraisal conclusions and/or report(s) will be within 2 weeks of timely receipt of your written authorization to proceed, the retainer, and any necessary data.

Acceptance Date:

Date of execution

The attached General Assumptions and Limiting Conditions (Exhibit A) are deemed part of this agreement as though set forth in full herein.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

BBG, Inc.



Jon DiPietra, MAI
Managing Director



Sam Rottenberg
SPR Group

AGREED AND ACCEPTED

Date

5/30/18

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

27. The American Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
28. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.
29. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
30. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.
31. If the client instructions to the appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
32. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based.
34. If provided, the estimated insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not

familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

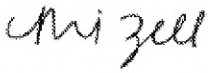
CERTIFICATION

The appraisers certify that:

- Michelle Zell, MAI has personally inspected and prepared the analysis concerning the real estate that is the subject of this appraisal report.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- The undersigned have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our compensation is not contingent on an action or event resulting from the analysis, opinions or conclusions in, or the use of, this report.
- Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and Title XI (with amendments) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).
- The undersigned have performed no services as an appraiser regarding the property that is the subject of this report within the 3-year period immediately preceding acceptance of this assignment.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The undersigned's engagement in this assignment was not contingent upon developing or reporting pre-determined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a pre-determined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Michelle Zell, MAI is currently certified under the continuing education program of the Appraisal Institute. They are also certified by the State of New York as a General Real Estate Appraiser.
- As of the date of this report, Michelle Zell has completed the continuing education program for Designated Members of the Appraisal Institute.

ADDENDA

- As of the date of this report, Michelle Zell has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



Michelle Zell, MAI
Senior Appraiser
State Certified General Appraiser #46-49921

QUALIFICATIONS

Michelle Zell, MAI
Senior Appraiser
Work: 212.682.8293
mzell@bbgres.com

PROFILE

Michelle is a Senior Appraiser at BBG in New York City (formerly Leitner Group). She has extensive experience analyzing all asset types. Appraisal assignments have included a range of property types including rental apartment buildings, condominium and cooperative residential properties, retail properties, hotels, office buildings, restaurants, industrial properties, and vacant land valuation. Michelle specializes in managing large portfolios, and valuing large scale existing and proposed developments. Prior to joining Leitner Group, Michelle received a Masters degree from Emory University and conducted health research for the City of New York. Notable assignments include:

- Valuation of multiple International Bond offerings with total appraised values of \$1B.
- Valuation of Peter Cooper Village and Stuyvesant Town, a rental apartment complex in New York City with 12,000 units.
- The condominium conversion of the Apthorp, a rent stabilized pre-war building.
- Valuation of 701 7th Avenue- a proposed hotel and retail development in Times Square valued at \$2B.

PROFESSIONAL AFFILIATIONS

General Certified Appraiser:
MAI Designated Member of the Appraisal Institute
State of New York (License #46-49921)

EDUCATION

Cornell University, Ithaca, NY, B.S. 1997
Emory University, Atlanta, GA, M.P.H. 2000

ADDENDA

LICENSE

| | | |
|--|--|---|
| UNIQUE ID NUMBER 45000049921 | State of New York Department of State DIVISION OF LICENSING SERVICES | FOR OFFICE USE ONLY Control No. 99072 |
| PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS. | | EFFECTIVE DATE MO: 05 DAY: 09 YR: 17 |
| ZELL MICHELLE R C/O BBG INC 112 MADISON AVE 11TH FL NEW YORK, NY 10016 | | EXPIRATION DATE MO: 05 DAY: 08 YR: 19 |
| HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER | | |
| <small>In Witness Whereof, The Department of State has caused this official seal to be hereunto affixed.</small> ROSSANA ROSADO SECRETARY OF STATE | | |

FORM-036 (Rev. 2011)